GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4512
ANSWERED ON:12.08.2016
Decline of Bank Loan
Yadav Shri Om Prakash

Will the Minister of FINANCE be pleased to state:

(a) whether constant decline is being reported in quality of banking assets due to heavy pressure in credit card and personal loan product sector in the country during the last two years;

(b) if so, the details thereof along with the reasons therefor; and

(c) the corrective steps taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): The decline in quality of banking assets is mainly on account of increase in Non-Performing Assets (NPAs) in various sectors. The reasons for rising NPAs include slow down in global recovery, stalled projects, aggressive lending in past and Asset Quality Review (AQR) exercise by Reserve Bank of India.

(c): The Government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles where incidence of NPAs is high. The government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. RBI has also undertaken steps which include (i) Formations of Joint Lenders' Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to Infrastructure and Core Industries, and (iii) Strategic Debt Restructuring (SDR) scheme. (iv) Scheme for Sustainable Structuring of Stressed Assets. The Government has recently issued advisory to banks to take action against guarantors in event of default by borrower under relevant section of SARFAESI Act, Indian Contract Act & RDDB&FI Act, since in the event of default; the liability of the guarantor is co-extensive with the borrower.
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